

TEMPORARY RECLAMATION MANUAL RELEASE

Comments on this draft release are due to phensley@do.usbr.gov by July 27, 2007.

Background and Purpose of the Following Temporary Reclamation Manual Release (TRMR) Directive and Standard (D&S)

This TRMR D&S FAC TRMR-13, *Identifying Design, Cost Estimating, and Construction Projects for which Independent Oversight Review is Required, and Performing those Reviews*, has been in use since October 31, 2007. This request for comment from stakeholders is to gain feedback on how to improve the document. Following this comment period, it is anticipated the document will become a permanent Reclamation Manual release. This D&S establishes requirements for identifying projects to be reviewed and a process for reporting and resolving design, estimating, and construction review recommendations and was developed in response to the Bureau of Reclamation's Managing for Excellence Team 15 task to "Establish agency policies/D&S's for the oversight of design and construction estimates."

The Reclamation Manual is used to clarify program responsibility and authority and to document Reclamation-wide methods of doing business. All requirements of the Reclamation Manual are mandatory.

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Subject:	Identifying Design, Cost Estimating, and Construction Projects for which Independent Oversight Review is Required, and Performing those Reviews
Purpose:	To establish the process used to identify major agency projects that include design, cost estimating, and construction that will require an independent oversight review, and establish the review process that will be followed. The Agency benefits are increases in quality, accuracy and credibility to customers and the general public.
Authority:	Reclamation Project Act of 1902, as amended and supplemented
Approving Official:	Director, Technical Resources
Contact:	Senior Advisor Design, Estimating, and Construction, 86-62000

1. Introduction.

- A. The Bureau of Reclamation is committed to a corporate process and system to provide independent oversight review of major projects, work, or activities (projects) that include design, cost estimating, and construction (DEC).¹ Reclamation policy for independent DEC oversight is found in Reclamation Manual (RM) Policy, *Independent Oversight of Design, Cost Estimating, and Construction* (FAC TRMR-12).
- B. This Directive and Standard (D&S) references responsibilities, and describes requirements, and procedures for the independent DEC oversight review (oversight review) process, including identifying projects that will be reviewed, developing and managing oversight review schedules, preparing for and performing oversight reviews, and reporting results of oversight reviews. The

¹ Descriptions, responsibilities, requirements, procedures, etc., for Reclamation's planning, design, cost estimating and construction can be found in RM documents including, but not limited to: *Construction Activities* (FAC 03-02); *Cost Estimating* (FAC TRMR-8 and FAC TRMR-9); *Construction Cost Estimates and Project Cost Estimates* (FAC TRMR-10); *Representation and Referencing of Cost Estimates in Bureau of Reclamation Documents Used for Planning, Design and Construction* (FAC TRMR-11); *Design Activities* (FAC 03-03); *Feasibility Studies* (CMP 05-02); *General Planning Activities* (CMP 05-03); *Geographically Defined Program* (CMP 05-01); *Instructions on Budgeting for Construction – Estimates, Schedules, and Supporting Documents* (BGT 01-04); *Maintenance of Design and Construction Technical Capabilities* (FAC 03-01); and *Performing Design and Construction Activities* (FAC P03).

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D&S also presents required characteristics of oversight reviews and budget directives.

2. **Goals and Objectives.** The goals and objectives of the corporate oversight review process for the DEC projects are to support successful project accomplishment, ensure high quality, maintain credibility with water and power users and other customers, and otherwise sustain Reclamation's credibility.
3. **Responsibilities.** Responsibilities for the DEC oversight review process are included in the Responsibilities paragraphs of *Independent Oversight of Design, Cost Estimating, and Construction* (FAC TRMR-12).
4. **Definitions.**
 - A. **Independent Review.** A review performed under the direction of the Senior Advisor, DEC by qualified ad hoc team members (government or contracted staff) who have not directly participated in the project being reviewed.
 - B. **Total Cost.** The sum of all Government and non-Government labor, and non-labor costs anticipated or estimated to be associated with a project through completion. This includes contract and non-contract costs.
5. **Procedures.**
 - A. **Identifying Projects That Will Receive Independent Oversight Review.** All Reclamation DEC projects will be considered for oversight review. The goals of Reclamation's oversight review process (see Paragraph 2) must be considered when determining which projects will receive oversight review. A project will be submitted by the responsible Regional Director (RD) to the Senior Advisor, DEC for oversight review (see Paragraph 7) when any of the following criteria is met:
 - (1) It is anticipated or estimated by the RD that a project will have a total cost, at completion, greater than \$10 million and is at least at a feasibility level of development.
 - (2) The RD will request oversight review for projects that are going to be the subject of a report which is going to be publicly released or provided to Congress and if it is reasonably likely that the report will be politically

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sensitive or controversial, or it will be used by project proponents to seek Congressional authorizations or appropriations; including projects at less than the feasibility development level and/or where the total anticipated cost is less than the \$10 million threshold.

- (3) The Deputy Commissioner for Operations determines the project will undergo oversight review.

B. Determining if the Total Cost of a DEC Project is Greater than \$10 Million. RDs, in collaboration with Area Managers (AMs) and others, will determine if the total cost of any DEC project within their geographic area will be greater than \$10 million. Oversight review (or request for exemption) will be requested for all DEC projects over \$10 million, when criteria in 5. A. 1 and 5. A. 2 above are met (see Paragraph 7.B.). The following will be considered as the total cost determination is made:

- (1) All projects for which Reclamation is responsible that include DEC will be considered for oversight review.
- (2) Projects to be considered include construction, upgrades, renovations, modifications, rehabilitations, alterations, maintenance, repairs, etc.
- (3) Part of this deliberation will include consideration as to how projects will be submitted into the annual scheduling process (see Paragraph 7). When determining which projects will be submitted for oversight reviews, the RD will need to make decisions as to how to define and package projects. Considerations and decisions such as 1 or more years; entire, large "project" or subdivided into smaller "projects;" single or multiple reviews; etc., will be necessary.
- (4) Caution will be exercised so that projects are not subdivided so they inappropriately fall below the \$10 million threshold, resulting in not performing reviews that should be performed to meet the goals and objectives of the oversight review process (see Paragraph 2).
- (5) Decisions will need to be made so that projects are of manageable size to both prepare for and conduct oversight reviews.

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- C. **Determining if a DEC Project with Total Cost Less than \$10 Million Should be Reviewed.** DEC projects with a total cost less than \$10 million generally will not require oversight review. However, to meet the intent, goals, and objectives of the oversight review process, it is anticipated that some of these less costly projects will require review. RDs, in collaboration with AMs and others, will consider requesting oversight review on DEC projects with a total cost less than \$10 million meeting the criteria stated in 5. A. 2 above. The following will also be included during deliberations:
- (1) The likelihood that a situation could arise in which the region would need corporate budget relief to respond to unforeseen project developments.
 - (2) The likelihood that a situation could arise with consequences that include unacceptable adverse impacts to regional and corporate credibility.
 - (3) When a project with a total cost less than \$10 million is submitted for oversight review, a clear explanation of the reason(s) for requesting the review will be a prominent component of the information submitted to the DEC Oversight Office.
 - (4) The RD will be prepared to provide the Deputy Commissioner for Operations with written documentation supporting the decision not to submit a project with a total cost less than \$10 million for oversight review.
- D. **The Deputy Commissioner for Operations Determines an Oversight Review will be Conducted.** The Deputy Commissioner for Operations may determine an oversight review will be performed on any project at any time. The Director, Technical Resources, will provide the Senior Advisor, DEC with the date by which an oversight review requested by the Deputy Commissioner for Operations will be completed.
6. **Exceptions.** There are two categorical exceptions to the oversight review requirements stated in this D&S.
- A. The Dam Safety Program already includes a comprehensive decision-making and extensive independent review process. Therefore, Dam Safety projects will not require a separate DEC review and are given a waiver from the DEC process. Reclamation Dam Safety Program information can be found in

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Reclamation Manual Directive and Standard, [Dam Safety Program \(FAC 06-01\)](#).

- B. Some existing decisionmaking partnerships involving customers, including those associated with management of power revenues, may be determined to provide adequate oversight mechanisms, and thus be excluded from the need to comply with the oversight review requirements of this D&S. Requests for release from these D&S requirements due to an existing partnership will be on a case-by-case basis, and will be submitted to the Deputy Commissioner for Operations for approval/disapproval.

7. Preparing the Annual List of Requests for Oversight Reviews.

- A. By May 1 of each fiscal year, the Senior Advisor, DEC will transmit a memorandum to the RDs requesting information concerning projects that will be submitted into the DEC oversight review process. The Senior Advisor, DEC will issue guidelines and instructions (based on Policy and D&S requirements) to help with the call for developing this list of projects that will receive oversight review.
- B. In response, RDs will submit a list to the DEC Oversight Office by June 15 of each fiscal year containing DEC projects for which they are requesting oversight review be performed (see Section 5. above for criteria). A description of each project will be provided. Each list will include the following four categories:
 - (1) **Projects Over \$10 Million for which Oversight Review is being Requested.** Include a dollar figure estimating the anticipated total costs of the project and the anticipated date of completion of the project. Indicate if it is anticipated that more than one oversight review will be requested on this project. Indicate the date by which each review must be completed.
 - (2) **Projects Over \$10 Million for which Exemption is being Requested.** This list should be subdivided into projects associated with either the Dam Safety Program exemption or the partnership-based oversight exemption. Adequate information to determine the merits of each exemption request must be included.

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- (3) **Projects Under \$10 Million with Factors that have triggered a Request for an Oversight Review.** A clear explanation of the reason(s) for requesting the review will be a prominent component of the information submitted to the Senior Advisor, DEC. Indicate if it is anticipated that more than one oversight review will be requested on this project. Indicate the date each review must be completed.
 - (4) **Projects Under \$10 Million with Factors that have triggered a Request for an Oversight Review for which an Exemption is being Requested.** This list should be subdivided into groups associated with either the Dam Safety Program exemption or the partnership-based oversight exemption. Adequate information to determine the merits of each exemption request will be included.
 - C. Lists will be developed so that review requests for the next 3 fiscal years (upcoming fiscal year, upcoming year + 1, upcoming year + 2, [and further when appropriate]) are presented in separate groupings.
 - D. The Senior Advisor, DEC will prepare by June 30 a listing with descriptions for transmittal by the Director, Technical Resources to the Deputy Commissioner for Operations by fiscal year showing projects submitted for DEC review and those projects requesting exception from review in accordance with 6.B. above. The Deputy Commissioner for Operations will determine which of the 6.B. exception requests have merit. The Deputy Commissioner for Operations will notify the Director, Technical Resources and the RDs those projects approved for DEC review and if any of the requests for exceptions are denied by July 31. The RD will submit a request for review for projects denied partnership-based oversight exception to the Senior Advisor, DEC within 30 days of notification of denial.
8. **Developing and Managing a DEC Oversight Review Plan of Action, and Scheduling and Planning Individual Review.**
- A. **Developing the Oversight Review Schedule.** Upon receiving the regional request for oversight reviews, the Senior Advisor, DEC will work with RDs, AMs and others as necessary to develop a complete, integrated corporate schedule for the upcoming fiscal year by October 1. A schedule for upcoming year + 1, and year +2 (at a minimum), will be available by November 30. A comprehensive DEC Oversight Review Plan of Action will be available on the

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intranet and routinely distributed to the Reclamation Leadership Team, the AMs, and other appropriate personnel in a timely manner.

B. Planning for Individual Reviews. During general scheduling and planning for oversight reviews, the following will be determined or obtained for each scheduled review:

- (1) A description of the project for which the oversight review has been requested, scope of the review, and a list of document, data, information, etc., which will be submitted to conduct the review.
- (2) Identification of disciplines and expertise that will be required to conduct each review.
- (3) Which of the following method, or combination of methods, will be utilized to form the team to perform each oversight review:
 - (a) Ad hoc teams of Reclamation staff
 - (b) Ad hoc teams through contract
 - (c) Ad hoc teams through other means (e.g., Interagency Agreements or Memoranda of Understanding)
- (4) Tentative list of names (or prospective contract source[s]) for each project review team.
- (5) The anticipated level of effort (in staff days), schedule, and funding that will be required to perform the oversight review.
- (6) Security issues will be identified and addressed. If projects that are identified for oversight review include classified or restricted issues, at least two members of the review team must have clearance at an appropriate level, and hold discussions only among those who hold the appropriate clearance. Discussions, materials used, and/or materials produced must be handled in accordance with Reclamation Policy and D&S for handling classified or restricted information.

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9. **Submittal of Additional Projects or Emergency-Related Requests for Oversight Reviews.** Situations may arise when an RD will need to submit a project into the current schedule for oversight review after the review schedule has been established. Or a situation may arise where changed conditions or new information may result in an RD needing to request additional work on a previously completed review, or on a review-in-progress. In situations such as these, the RD will contact the Senior Advisor, DEC, who will work with the RD to include the requested review activities into the established schedule.
10. **Performing Oversight Reviews.** Oversight reviews will begin as scheduled, and will be performed until completed. Names of team members, location and dates and times of review team meetings, and final budget information will be communicated. Typically 1 to 3 months (depending on the complexity of the review) before the scheduled start date of a review, the Senior Advisor, DEC will:
 - A. Contact and begin communication with staff associated with project to be reviewed.
 - B. Prepare a project review description.
 - C. Assemble pertinent documents, data, etc., that will be necessary for the review.
 - D. Contact the review team members.
11. **Primary Characteristics of Oversight Reviews.** All oversight reviews will be:
 - A. Performed under the direction of the Senior Advisor, DEC by qualified ad hoc team members (government or contracted staff) who have not directly participated in the project being reviewed.
 - B. Value added and performed in a timely and cost effective manner.
 - C. Full and comprehensive reviews of all components and details of the project designs, construction considerations and cost estimates being reviewed.
 - (1) Conducted to verify that all major risks and uncertainties inherent in the project have been identified and effective measures and activities to manage these risks and uncertainties have been established.

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- (2) Conducted to verify that project designs and estimates are in compliance with Reclamation Policy and D&Ss.
 - (3) Technical reviews of designs, estimates and construction considerations depicted in the project documents, but are not substitutes for conducting technical or a peer review, nor a value analysis as required by Reclamation Policy and D&S. One component of the oversight review will be a determination that technical and/or peer reviews, and value analysis studies required by Policy and D&S have been performed or are scheduled to be performed to acceptable technical standards and guidelines.
12. **Resolving Major Issues that Arise During Oversight Review.** Issues that arise during an oversight review will be discussed among the Senior Advisor, DEC; the responsible RD and AM representatives and resolved if possible. If a major issue cannot be resolved among these parties, the situation will be documented in a report prepared by the Senior Advisor, DEC, and transmitted to the responsible RD and the Director, Technical Resources to resolve the issue. If ultimately the issue cannot be resolved by the RD and the Director, Technical Resources they will document their disagreements and elevate the matter to the Deputy Commissioner for Operations for a final decision.
13. **Reporting Results of Oversight Reviews.** Each oversight review will be documented in a review report.
- A. All reports will present, at a minimum, information to effectively address all primary characteristics of an oversight review (see Paragraph 11).
 - B. Review team findings will be documented in the report and recommendations may be included. The team will state any limitations or qualifiers related to its review. The report will include a list of information, documents, interviews, etc., upon which the review was based.
 - C. A draft report will be supplied to the regional and area office responsible for the project for discussion before finalization of the oversight report. Resolution of major issues that arise during review of the oversight review report will follow procedures listed in Paragraph 12.

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- D. Each oversight review will be documented in an oversight review report prepared under the direction of the Senior Advisor, DEC. The Senior Advisor, DEC will transmit a copy of the teams' final independent review report to the responsible RD and to the Director, Technical Resources.
- E. The responsible Regional Director and the Director, Technical Services, will collaborate to reach a mutual decision as to which findings and recommendations in the independent DEC report regarding engineering designs, cost estimates, and construction costs will be accepted and which will not. They will document their conclusions and decisions, and the reasoning therefore, in writing in a jointly signed document which will be formally transmitted to the Deputy Commissioner for Operations for information. This will conclude the process. If for any reason the Regional Director and the Director, Technical Resources, are not in agreement, they will elevate the matter to the Deputy Commissioner for Operations for a final decision. This final decision is to be documented in writing and will conclude the process.

14. Budget Considerations for Oversight Reviews.

- A. Costs incurred directly with oversight reviews, including review scheduling, conduct of reviews, and report preparation and production will be funded as a program activity (Water and Related Resources). The funding of the reviews and the direct management of the activity or program-related funds will reside in the regions and should be budgeted as part of the annual budget requests.
- B. Costs associated with implementation of the Policy and D&S, other than those defined in 14.A. above will be funded by Policy and Administration.